**ABSTRACT**

In the current scenario, it is imperative for organizations to be innovative not only in order to expand and grow but also to survive in an increasingly competitive, and uncertain environment. Innovation becomes even more critical for R & D organizations whose raison d’être is to deliver new products and improve on existing processes on an on-going basis. In R & D organizations, innovative work/projects are predominantly carried out by teams that solve problems or develop new ideas into new products, making improvements together. R & D organizations recognize teams as critical units to carrying out research and development work.

While innovation has been much studied at the individual and organizational levels only a few studies have examined team innovation. Empirical studies focussing on R & D team innovation are few in number. Limited studies have been conducted to examine the relationship of leadership and team innovation in R & D organizations. Further, empirical studies that have examined the relationship between transformational and transactional leadership and team innovation in R & D setting are scarce and findings of such studies are inconclusive and mixed in nature. Not much research has been conducted in the context of laissez-faire leadership and it has been fairly neglected area of research. The impact of laissez-faire leadership behaviour on team innovation has not been studied.

Further, less attention has been paid to how team processes in organizations can be a facilitative or inhibitive factor impacting innovation. Many researchers have highlighted the need to examine the role of different team processes that may impact the relationship between leadership behavior and team innovation. There exists a research gap in understanding team processes such as team empowerment, collective psychological capital that may influence the relationship between leadership style and innovation. Only a few studies have examined the influence of transformational leadership on team empowerment and team reflexivity. Also, the impact of transactional and laissez-faire leadership on team empowerment and team reflexivity has not been examined earlier.

In this context, it was decided to carry out research study that would address the gaps with the following research question:

* How much influence would the leader’s transformational/transactional/laissez-faire leadership behaviour have on R & D team innovation?
* Do these leadership styles influence team processes (viz. team reflexivity and team empowerment)?
* What is the relationship between team processes and R & D team innovation?
* Does collective psychological capital act as a moderator between the relationship of leadership behaviour(s) and team processes?

This study, thus systematically investigated a conceptual model that examined the relationship between leadership behavior, team processes (team empowerment, team reflexivity and collective psychological capital) and team innovation in an R & D team context.

To investigate these research propositions, data was collected from R & D teams of27 organizational units of 6R & D Public Sector Undertakings. Overall, data on team innovation (from team leader), team reflexivity, team empowerment, leadership behavior and collective psychological capital (from team members) was collected from 290 teams having 290 team/project leaders with 820 team members through survey-method using paper-and-pencil mode. Due to the low value of Cronbach α-value, transactional leadership was dropped from further analysis. In view of this, research hypotheses were revised. Data was then analyzed using a–priori theoretical using structural equation modeling. Fit indices from each construct and overall model were calculated and it was observed that over-all model was reasonably fit for analysis

This study contributes to the team innovation literature by integrating leadership theories (transformational and laissez-faire leadership) and team processes (team empowerment, team reflexivity and collective psychological capital).It was found that transformational and laissez-faire leadership had a positive and significant relationships with team reflexivity and team empowerment. It was found that collective psychological capital moderated the relationships between leadership behaviour’s and team reflexivity, strengthening the relationship when the level of collective psychological capital was high. This is a significant contribution to the psychological capital literature.

In this study, team reflexivity was found to be positively related to team innovation while team empowerment was not. This study contributes to the innovation literature, by establishing that team reflexivity is an important variable in predicting team innovation which is in line with recent empirical findings. One of the counter-intuitive findings of this study had been the negative relationship of transformational and laissez-faire leadership with team innovation.